

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

02 — 02
01 — 01

2. STATE:

MICHIGAN

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

January 1, 2002

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.252

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 14 Millionb. FFY 2003 \$ 8.4 Million 14 million

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D, Section IV pgs.
24(b), 24(c) and 319. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):Attachment 4.19-D, Section IV
pages 24(b), 24(c)
and 31

10. SUBJECT OF AMENDMENT:

reduction in LTC cost components and discontinuance of nursing facilities Quality
incentive Program for remainder of FY 02.

11. GOVERNOR'S REVIEW (Check One):

- ☐
- GOVERNOR'S OFFICE REPORTED NO COMMENT
-
- ☐
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
-
- ☐
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

18-02

13. TYPED NAME:

James K. Haveman, Jr.

14. TITLE:

Director, MDCH

15. DATE SUBMITTED:

1-9-02

16. RETURN TO:

Michigan Department of Community Health
Office of Federal Liaison
Lewis Cass Bldg., Sixth Floor
320 S. Walnut Street
Lansing, MI 48913
Attention: N. Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

1-14-02

18. DATE APPROVED:

3/13/02

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

1-1-02

20. SIGNATURE OF REGIONAL OFFICIAL:

Cheryl A. Harris

21. TYPED NAME:

Cheryl A. Harris

22. TITLE:

Associate Regional Administrator
Division of Medicaid and Children's Health

23. REMARKS:

RECEIVED

JAN 14 2002

DMCH - MI/MN/WI

MICHIGAN DEPARTMENT OF COMMUNITY HEALTH
Medical Services Administration

MEMORANDUM

To: Nancy Bishop

Date: December 28, 2001

From: Mary Gear

Re: State Plan Amendment # ⁰²⁻⁰²~~01-17~~

Attached are your copies of the State Plan amendment. Information specific to the plan amendment is as follows:

1. Effective date of plan change:
January 1, 2002
2. CFR citation under which proposed change is to be made:
42 CFR 447.252
3. Plan material submitted:
Attachment 4.19-D, Section IV, pages 24(b), 24(c) and 31
4. Plan material superseded:
Attachment 4.19-D, Section IV, pages 24(b), 24(c) and 31
5. Purpose of amendment:
Suspend nursing facility Excellence Recognition Program 01-01-02 thru 09-30-02 and lower nursing facilities' Variable Cost Component to reach state fund savings as required by state Executive order 2001-9.
6. Summary of change from current plan:
Executive Order 2001-9 requires a \$6,500,000.00 reduction in state general funds in the Medicaid Program's nursing facility budget in state fiscal year 2002. This means reimbursement to nursing facilities must be reduced by 14,894,592 gross dollars. The reduction will be accomplished by retaining the current system of rebasing and by applying a rate reduction percentage to accomplish any remaining reduction needed. It is anticipated that this percentage reduction to a nursing facility's Variable Cost Component will be approximately 1.0%. In addition, the Executive Order eliminates the Nursing Facility Incentive Program operated by the Department of Consumer and Industry Services which should be another 10 million gross dollars
7. Federal Budget Impact:
 - a. FFY 2002 \$ (14.0 million)
 - b. FFY 2003 \$ 14.0 million
 - a. (FFP = 14.9m +10m @ .5636) reduction
 - b. reinstatement after one year would return expenditures to prior level.
8. FOR INSTITUTIONS ONLY: Is the change significant?
Yes, there is a rate reduction and elimination of the awards program for nursing homes for one year.

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JAN 14 2002
DMCH - [illegible]

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF MICHIGAN

POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(LONG TERM CARE FACILITIES)

less, times the CQIP percentage. The percentage of payment will be based on yearly project review results of the CQIP.

3. Short CQIP Year and Transition

The 1997-98 CQIP year is a short program year. The end of the program year has been changed from October 31, 1998 to May 31, 1998. During this seven month time frame facilities must begin and finish at least one complete project. This means that during the seven month time frame the facility must, for its project(s), begin and complete assessment, planning, implementation, and evaluation. The due date for the 1997-98 required final report(s) has been changed to June 15, 1998. Facilities who do not start and finish all four parts of at least one project during the short year will lose the incentive payment for at least 12 months, effective October 1, 1998.

A new program schedule begins in 1998-99. The 1998-99 program year changes from November 1 through October 31 to June 1 through May 31. This change in program year will allow the MSA to provide future payments for CQIP on a prospective basis.

E. Excellence Recognition Program

The Excellence Recognition Program is discontinued for state fiscal year ending September 30, 2002.

The nursing home quality incentive provides financial incentives for nursing homes that develop high quality care services. High quality care is defined as an approach involving facility measurements, analysis, activities, and/or systems to prevent, detect, or alleviate resident quality of care issue(s) or problem(s) before it manifests as a deficiency in the survey process. Eligibility to apply for this program is based on licensed bed capacity as of the beginning of the state fiscal year and survey results. A facility determined to have substandard quality of care in its last standard survey is not eligible.

Application must be made by the application date established by the Michigan Department of Consumer and Industry Services (MDCIS) and in accordance with the process and form developed by MDCIS. Awards for each facility will be made by MDCIS as soon as the application is approved. The amount of the award may or may not cover the entire cost of eligible activities. Medicaid funds will be used only for Medicaid certified beds. All other awards funds for non-Medicaid certified beds will come from State general funds. Unspent funds must be returned to MDCIS.

Application for the incentive is competitive. MDCIS determines acceptability and eligibility and eligibility for award of the incentive. The three eligible areas are:

1. Activities to obtain the Michigan Quality Leadership Award (MCLA).
2. Innovative projects that improve the quality of care provided to residents in the facility.
3. Activities to Implement the Eden Alternative.

Verification of expenditures and supporting documentation for the three eligible areas will be made as follows:

1. MCLA: supporting documentation and a listing of all expenditures must be made to MDCIS at the end of the fiscal year. The Michigan Quality Council will verify supporting documentation of the program and expenses.
2. Innovative Projects: supporting documentation and a listing of all expenditures must be made to MDCIS at the end of the fiscal year. MDCIS will evaluate the supporting documentation of the program and expenses.
3. Edenization Projects: supporting documentation and a listing of all expenditures must be made to MDCIS at the end of the fiscal year. The Office of Services to the Aging (OSA) will verify the supporting documentation of the program and expenses.

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TN No: ⁰²⁻⁰²
~~04-17~~

Approval Date: _____

Effective Date: 01/01/02

Supersedes TN No: 99-07

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF MICHIGAN**

**POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(LONG TERM CARE FACILITIES)**

Innovation program project costs must be reported in the Medicaid cost report in accordance with Medicaid cost reporting requirements.

F. Husband and Wife Exception

Whenever a husband and wife (or blood relatives) are being cared for in the same facility, they are permitted to share a room, unless medically contraindicated (as documented by the attending physician in the patient's medical record). If either requires nursing care, the facility will receive reimbursement at the nursing level-of-care rate for both clients. This policy shall be in effect in regard to long-term nursing care and other levels of residential care in facilities with both nursing care and residential units.

TN No: ⁰²⁻⁰²~~04-07~~

Approval Date: _____

Effective Date: 01/01/02

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State of Michigan

POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(LONG TERM CARE FACILITIES)

N. Long Term Care Facility Proportionate Share Pool

A proportionate share pool is created each fiscal year to increase reimbursement to providers. Eligible providers are those owned by local units of government and in operation at the time of payment. Payment to each facility is in proportion to the facility's number of Medicaid Program inpatient days for the most recent completed calendar year. The inpatient days will be determined from the Medicaid program Invoice Processing payment data nine months after the end of the calendar year. The pool is created each state fiscal year subject to the availability of funds and the upper payment limits of 42 CFR 447.272. The pool will be funded at a level not to exceed the Medicare upper payment limit for each state fiscal year, which ends September 30. A public notice will be distributed that provides information about what the payments will be each year. The information will comply with applicable federal public notice standards for each year.

O. Personal Clothing for Recipients in Class IV Intermediate Care Facilities for the Mentally Retarded (ICF/MR)

Class IV facilities are reimbursed for allowable costs determined in accordance with the Medicare Principles of Reimbursement (42 CFR, Chapter IV, Subchapter B, Part 413), with the following additions:

To enable the normalization of recipients in ICFs/MR, street clothing supplied by the facility and/or required by the patient's plan of care will be considered an allowable cost for Medicaid patients residing in ICFs/MR who do not own or have other access to the clothing required.

P. Effective for dates of services January 1, 2002 through September 30, 2002, the Variable Cost Components of Class I and Class III Nursing Facilities, determined in accordance with Subsection C above, will be reduced by a factor sufficient (along with the Rebasing effect) to reduce expenditures by \$14,894,592.00. It is anticipated that a factor of approximately 1.0 percent will be sufficient to reach the expenditure reduction goal.

TN No: 02-02
~~01-17~~

Approval Date: _____

Effective Date: 01/01/02

Supersedes TN No: 97-06